



4004

ANNUAL REPORT

OF

Name: HILLSBORO TELEPHONE CO, INC.

Principal Office: 121 MILL ST
P.O. BOX 427
HILLSBORO, WI 54634-0427

For the Year Ended: DECEMBER 31, 2000

TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records in conformity with the Uniform System of Accounts prescribed by the Public Service Commission of Wisconsin in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
2. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used. However, please show the exact name of the respondent in full on the Identification and Ownership page.
3. Wherever information is requested in a "note", please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
4. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. Do not use parentheses for numeric values. The program will convert the minus sign to parentheses when a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
5. Please report all dollar amounts to the nearest whole dollar.
6. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
7. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, that previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
8. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the "Individual or firm, if other than utility employee, preparing this report" portion of the Identification and Ownership schedule, which describes the nature and extent of work performed.
9. Please print a hard copy of the annual report on 20 pound or heavier paper, sign it and compare with the electronic copy before officially filing it with the Public Service Commission of Wisconsin.

SIGNATURE PAGE

I MR. CHARLES HAMMER of
(Person responsible for accounts)

HILLSBORO TELEPHONE CO, INC. , certify that I
(Utility Name)

am the person responsible for accounts; that I have examined the following report and, to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

MR. CHARLES HAMMER 03/30/2001
(Person responsible for accounts) (Date)

VICE PRESIDENT - MANAGER
(Title)

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	<p>Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of:</p> <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	<p>A central office switch which has no remote switching units (RSUs) subtending it.</p>
Trunk	<p>A communications path connecting two switching systems in the establishment of an end-to-end connection.</p>
Wide Area Telephone Service (WATS)	<p>Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.</p>
Wire Center	<p>The location of one or more local switching systems. A point at which customers' loops converge.</p>

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
 CO	.....	Central Office
 Depr	.....	Depreciation
 Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
 FOY	.....	First of Year
 Info	.....	Information
ITC	.....	Investment Tax Credit
 Misc	.....	Miscellaneous
 Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
 Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
 Prop	.....	Property
 Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
 Svcs	.....	Services
 Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
 Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: HILLSBORO TELEPHONE CO, INC.
Utility Location: 121 MILL ST
P.O. BOX 427
HILLSBORO, WI 54634-0427

Utility Web Site Address: www.hillsborotel.com

When was utility organized?: 06/30/1956

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR CHARLES HAMMER
Title: VICE PRESIDENT - MANAGER

Office Address: 121 MILL STREET
P.O. BOX 427
HILLSBORO, WI 54634

Fax Number: (608) 489 - 1111
Telephone Number: (608) 489 - 2100
Email Address:

Individual or firm, if other than utility employee, preparing this report

Name: MR DENNIS E. HILDEBRANDT
Title: CERTIFIED PUBLIC ACCOUNTANT
Firm: SIEPERT & CO. LLP
Office Address: 1920 WEST HART ROAD
BELOIT, WI 53511

L

Fax Number: (608) 364 - 8727
Telephone Number: (608) 365 - 2266
Email Address: dhildebrandt@charter.net

Person responsible for financial information contained in report

Name: MR CHARLES HAMMER
Title: VICE PRESIDENT - MANAGER

Office Address: 121 MILL STREET
P.O. BOX 427
HILLSBORO, WI 54634

Fax Number: (608) 489 - 1111
Telephone Number: (608) 489 - 2100
Email Address:

Person responsible for statistical information contained in report

Name: MR CHARLES HAMMER
Title: VICE PRESIDENT - MANAGER

Office Address: 121 MILL STREET
P.O. BOX 427
HILLSBORO, WI 54634

Fax Number: (608) 489 - 1111
Telephone Number: (608) 489 - 2100
Email Address:

IDENTIFICATION AND OWNERSHIP

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: CARLA SHAKER
Address: 121 MILL STREET
HILLSBORO, WI 54634

Number of Shares Held: 57
Beneficial Owner: NONE

Name: EDWARD & LILLIAN HAMMER
Address: 121 MILL STREET
HILLSBORO, WI 54634

Number of Shares Held: 417
Beneficial Owner: NONE

Name: EUGENE ROCKWEILER
Address: 850 HILLSBOROUGH AVENUE
HILLSBORO, WI 54634

Number of Shares Held: 52
Beneficial Owner: NONE

Name: UNIVERSAL TELEPHONE CO.
Address: 2615 EAST AVENUE SOUTH
LA CROSSE, WI 54602

Number of Shares Held: 250
Beneficial Owner: NONE

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.

Company Name: VERNEAU NETWORKS, INC.
Form of Interest: EQUITY
Extent Of Interest: 100 % OWNERSHIP

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	1,455,383	1,382,142	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	239,213	209,064	2
Plant Nonspecific Operations Expense	482,585	409,126	3
Customer Operations Expense (6610-6620)	183,871	145,332	4
Corporate Operations Expense (6710-6790)	218,471	227,143	5
Other Operating Income and Expense (7100)	0	0	6
Operating Taxes (7200)	117,984	172,179	7
Total Operating Expenses	1,242,124	1,162,844	8
Net Operating Income	213,259	219,298	9
Other Income			
Nonoperating Income and Expense (7300)	385,251	369,765	10
Nonoperating Taxes (7400)	153,840	145,234	11
Interest and Related Items (7500)	110,551	94,995	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	28,828	55,495	14
Total Nonoperating Income	149,688	185,031	15
Net Income	362,947	404,329	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

1. SIGNIFICANT ACCOUNTING POLICIES:

A. TELEPHONE PLANT IS RECORDED AT ORIGINAL COST. DEPRECIATION IS COMPUTED ON THE STRAIGHT-LINE BASIS BY APPLYING A RATE TO GROUP ACCOUNT ASSETS.

B. THE COMPANY HAS ELECTED TO DEFER INCOME TAX SAVINGS EARNED BY INVESTMENT TAX CREDIT AND IS AMORTIZING THOSE OVER THE SERVICE LIFE ON WHICH THE ITC WAS GENERATED.

C. FOR INCOME TAX PURPOSES, THE COMPANY UTILIZES ACCELERATED METHODS FOR DEPRECIATION. THE INCOME TAX SAVINGS ON THESE TIMING DIFFERENCES HAS BEEN NORMALIZED THROUGH INCOME TAX EXPENSE.

D. THE COMPANY HAS A DEFINED CONTRIBUTION PENSION PLAN WHICH IS ADMINISTERED BY A TRUSTEE AND COVERS ALL ELIGIBLE EMPLOYEES. PENSION PLAN EXPENSE FOR 2000 AMOUNTED TO \$35,922.

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2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

-
3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.

3. RETAINED EARNINGS RESTRICTIONS:

UNDER THE MOST RESTRICTIVE PROVISIONS OF THE COMPANY'S RURAL UTILITIES SERVICE (RUS) LOAN AGREEMENT, APPROXIMATELY \$1,243,000 OF THE RETAINED EARNINGS IS AVAILABLE FOR DIVIDENDS.

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	636,411	1,116,411	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	636,411	1,116,411	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	81,547	80,282	6
Accounts Receivable Allowance-Telecom (1181)*			7
Net: Telecommunications Accounts Receivable	81,547	80,282	
Other Accounts Receivable (1190)*	40,349	85,573	8
Accounts Receivable Allowance--Other (1191)*			9
Net: Other Accounts Receivable	40,349	85,573	
Notes Receivable (1200)*			10
Notes Receivable Allowance (1201)*			11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	14,084	3,216	12
TOTAL REC AND ALLOW FOR DOUBTFUL ACCOUNTS	135,980	169,071	
SUPPLIES			
Inventories (1220)*	98,183	22,840	13
TOTAL SUPPLIES	98,183	22,840	
PREPAYMENTS			
Total Prepayments (1280)*	104,797	16,988	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	104,797	16,988	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*			20
TOTAL OTHER CURRENT ASSETS	0	0	
TOTAL CURRENT ASSETS	975,371	1,325,310	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	463,091	144,000	21
RTB Class B Stock (1402)*			22
Other Investments in Nonaffiliated Companies (1402)*			23
Nonregulated Investments (1406)*	34,338	93,751	24
Unamortized Debt Issuance Expense (1407)*	13,977	14,469	25
Sinking Funds (1408)*			26

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*	607,195	632,195	27
TOTAL INVESTMENTS	1,118,601	884,415	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	0	0	28
Deferred Maintenance and Retirements (1438)*			29
Deferred Charges (1439)*			30
TOTAL DEFERRED CHARGES	0	0	
TOTAL NONCURRENT ASSETS	1,118,601	884,415	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	6,102,985	5,284,511	31
Less: Accumulated Depreciation (3100)*	3,533,944	3,165,085	32
Less: Accumulated Amortization--Capitalized Leases (3410)*			33
Less: Accumulated Amortization--Leasehold Improvements (3420)*			34
Less: Accumulated Amortization--Intangible (3500)*			35
NET TELECOMMUNICATIONS PLANT IN SERVICE	2,569,041	2,119,426	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	71,350	70,913	36
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*			37
NET PROPERTY HELD FOR FUTURE USE	71,350	70,913	
NONOPERATING PLANT			
Nonoperating Plant (2006)*			38
Less: Accumulated Depreciation--Nonoperating (3300)*			39
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	129,703	52,477	40
TOTAL TPUC	129,703	52,477	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*			41
Less: Accumulated Amortization--Other (3600)*			42
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	2,770,094	2,242,816	
TOTAL ASSETS AND OTHER DEBITS	4,864,066	4,452,541	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	178,455	248,657	1
Notes Payable (4020)*			2
Advance Billing and Payments (4030)*	23,457	23,034	3
Customer Deposits (4040)*	650	2,000	4
Current Maturities--Long-Term Debt (4050)*	119,500	78,100	5
Current Maturities--Capital Leases (4060)*			6
Income Taxes--Accrued (4070)*		44,908	7
Other Taxes--Accrued (4080)*		(2,363)	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*			10
Other Accrued Liabilities (4120)*	7,215	6,880	11
Other Current Liabilities (4130)*			12
TOTAL CURRENT LIABILITIES	329,277	401,216	
LONG-TERM DEBT			
Funded Debt (4210)*	2,099,700	1,933,143	13
Premium on Long-Term Debt (4220)*			14
Discount on Long-Term Debt (4230)*			15
Reacquired Debt (4240)*			16
Obligations Under Capital Leases (4250)*			17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*			19
TOTAL LONG-TERM DEBT	2,099,700	1,933,143	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*	80,370	102,799	20
Unamortized Operating ITC--Net (4320)*	6,917	11,782	21
Unamortized Nonoperating ITC--Net (4330)*			22
Net Noncurrent Deferred Operating Income Taxes (4340)*	(28,093)	(20,571)	23
Net Deferred Tax Liability Adjustments (4341)*	0	0	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	(334,265)	(324,749)	25
Other Deferred Credits (4360)*			26
Deferred Tax Regulatory Liability (4361)*	11,431	11,431	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS	(263,640)	(219,308)	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	108,900	108,900	28
Additional Paid-in Capital (4520)*			29
Treasury Stock (4530)*	5,300	5,300	30
Other Capital (4540)*			31
Retained Earnings (4550)*	2,595,129	2,233,890	32
TOTAL STOCKHOLDERS' EQUITY	2,698,729	2,337,490	
TOTAL LIABILITIES AND OTHER CREDITS	4,864,066	4,452,541	

IMPORTANT CHANGES DURING THE YEAR

-
1. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.

NONE

-
2. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

NONE

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
COMPUTER SYSTEMS, LLC	CS	1
VERNEAU NETWORKS, INC.	VNI	2

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing.

Particulars	(a)	(b)	(c)	(d)	(e)
Docket		2560AT000100	0000AA000000		
Name of Affiliate		CS	VNI		1
Designate whether billed to or from:		FROM	TO		2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)		M	C		3
Total Dollar Activity		---CONF---	---CONF---		4
Percent of affiliate's business billed to all affiliated regulated utilities		---CONF---	---CONF---		5
If cost based, rate of return on equity or markup incorporated in billings		---CONF---	---CONF---		6
Footnotes			K		

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	20,624	28,755	1
Motor Vehicles	2112	441,471		2
Aircraft	2113	0		3
Special Purpose Vehicles	2114	0		4
Garage Work Equipment	2115	0		5
Other Work Equipment	2116	97,901		6
Buildings	2121	233,725	204,711	7
Furniture	2122	5,472		8
Office Equipment	2123	26,539	7,942	9
General Purpose Computers	2124	154,541	20,705	10
TOTAL--GENERAL SUPPORT ASSETS:		980,273	262,113	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211	0		11
Digital Electronic Switching	2212	1,417,592	56,822	12 A
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220	0		14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	463,317	105,762	16 A
TOTAL--CENTRAL OFFICE ASSETS:		1,880,909	162,584	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311	0		17
Customer Premises Wiring	2321	0		18
Large Private Branch Exchanges	2341	0		19
Public Telephone Terminal Equipment	2351	0		20
Other Terminal Equipment	2362	0		21
TOTAL--INFORMATION ORIG/TERM ASSETS:		0	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	0		22
Aerial Cable	2421	0	0	23
Underground Cable	2422	10,912	28,833	24
Buried Cable	2423	2,368,645	397,203	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425	0		27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	0		29
Conduit Systems	2441	43,334		30
TOTAL--CABLE WIRE FACILITIES ASSETS:		2,422,891	426,036	
AMORTIZABLE ASSETS				
Capital Leases	2681	0		31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			49,379	1
2112			441,471	2
2113			0	3
2114			0	4
2115			0	5
2116			97,901	6
2121			438,436	7
2122			5,472	8
2123	0	0	34,481	9
2124	26,702		148,544	10
	26,702	0	1,215,684	
2211			0	11
2212	0	(373,251)	1,101,163	12 A
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	0	373,251	942,330	16 A
	0	0	2,043,493	
2311			0	17
2321			0	18
2341			0	19
2351			0	20
2362			0	21
	0	0	0	
2411			0	22
2421	0	0	0	23
2422	0	0	39,745	24
2423	5,557	0	2,760,291	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431			0	29
2441			43,334	30
	5,557	0	2,843,370	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
AMORTIZABLE ASSETS			
Leasehold Improvements	2682	0	32
Intangibles	2690	438	33
TOTAL--AMORTIZABLE ASSETS:		438	0
TOTAL TELECOM. PLANT IN SERVICE	2001	5,284,511	850,733
Less: Allocation to Nonregulated Activity - EOY	2001		34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001		

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			438	33
	0	0	438	
	32,259	0	6,102,985	
2001			0	34
			6,102,985	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (c)	Additions (d)	
Office Support Equipment	2123.1	15,221	5,797	1
Company Communications Equipment	2123.2	11,318	2,145	2
Software	2212.1	0		3
Digital Switching - Central Office	2212.2	1,417,592	56,822	4 A
Digital Switching - Remote	2212.3	0		5
Step by Step Switching	2215.1	0		6
Crossbar Switching	2215.2	0		7
Satellite and Earth Station Facilities	2231.1	0		8
Other Radio Facilities	2231.2	0		9
Digital Circuit Equipment	2232.1	279,669	105,762	10 A
Analog Circuit Equipment	2232.2	50,213		11
Light Wave Circuit Equipment	2232.3	133,435		12 A
Aerial Cable - Nonmetallic	2421.1	0		13
Aerial Cable - Metallic	2421.2	0		14
Underground Cable - Nonmetallic	2422.1	0	22,135	15
Underground Cable - Metallic	2422.2	10,912	6,698	16
Buried Cable - Nonmetallic	2423.1	448,083	179,641	17
Buried Cable - Metallic	2423.2	1,920,562	217,562	18
Submarine Cable - Nonmetallic	2424.1	0		19
Submarine Cable - Metallic	2424.2	0		20
Intrabuilding Cable - Nonmetallic	2426.1	0		21
Intrabuilding Cable - Metallic	2426.2	0		22

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)
(cont.)

Subaccount (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2123.1			21,018	1
2123.2			13,463	2
2212.1			0	3
2212.2		(373,251)	1,101,163	4 A
2212.3			0	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1		185,880	571,311	10 A
2232.2			50,213	11
2232.3		187,371	320,806	12 A
2421.1			0	13
2421.2			0	14
2422.1			22,135	15
2422.2			17,610	16
2423.1			627,724	17
2423.2	5,557		2,132,567	18
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
GENERAL SUPPORT ASSETS					
Motor Vehicles	2112	376,284	13.01	17,754	1
Aircraft	2113	0			2
Special Purpose Vehicles	2114	0			3
Garage Work Equipment	2115	0			4
Other Work Equipment	2116	96,605	10.0	432	5
Buildings	2121	149,432	3.33	12,247	6
Furniture	2122	4,668	10.0	268	7
Office Equipment	2123	20,341	15.0	3,657	8
General Purpose Computers	2124	104,627	25.0	40,398	9
Total-- GENERAL SUPPORT ASSETS		751,957		74,756	0
CENTRAL OFFICE ASSETS					
Analog Electronic Switching	2211	0			10
Digital Electronic Switching	2212	753,927	9.7	103,941	11B
Electro-Mechanical Switching	2215	0			12
Operator Systems	2220	0			13
Radio Systems	2231	0			14
Circuit Equipment	2232	214,325	11.6	86,020	15B
Total-- CENTRAL OFFICE ASSETS		968,252		189,961	0
INFORMATION ORIG/TERM ASSETS					
Station Apparatus	2311	0			16
Customer Premises Wiring	2321	0			17
Large Private Branch Exchanges	2341	0			18
Public Telephone Terminal Equipment	2351	0			19
Other Terminal Equipment	2362	0			20
Total-- INFORMATION ORIG/TERM ASSETS		0		0	0
CABLE WIRE FACILITIES ASSETS					
Poles	2411	0			21
Aerial Cable	2421	0			22
Underground Cable	2422	10,911	5.3	1,340	23
Buried Cable	2423	1,406,792	5.3	135,909	24
Submarine Cable	2424	0			25
Deep Sea Cable	2425	0			26
Intrabuilding Network Cable	2426	0			27
Aerial Wire	2431	0			28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	27,173	3.3	1,430	29
Total-- CABLE WIRE FACILITIES ASSETS		1,444,876		138,679	0
Total Accumulated Depreciation	3100	3,165,085		403,396	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100				30
Net Regulated Total Accum Depreciation - 3100					
Columns e, f and I					

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112					394,038	1
2113					0	2
2114					0	3
2115					0	4
2116					97,037	5
2121					161,679	6
2122					4,936	7
2123	0				23,998	8
2124	26,702				118,323	9
	26,702	0	0	0	800,011	
2211					0	10
2212	0			(36,205)	821,663	11 B
2215	0				0	12
2220					0	13
2231	0				0	14
2232	0			36,205	336,550	15 B
	0	0	0	0	1,158,213	
2311					0	16
2321					0	17
2341					0	18
2351					0	19
2362					0	20
	0	0	0	0	0	
2411					0	21
2421	0				0	22
2422	0				12,251	23
2423	5,557	2,278			1,534,866	24
2424	0				0	25
2425					0	26
2426	0				0	27
2431					0	28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					28,603	29
	5,557	2,278	0	0	1,575,720	
3100	32,259	2,278	0	0	3,533,944	
3100						30
3100						

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subacct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
Office Support Equipment	2123.1	15,221	15.0	737	1
Company Communications Equipment	2123.2	5,120	20.0	2,920	2
Software	2212.1	0			3
Digital Switching - Central Office	2212.2	753,927	9.7	103,941	4 B
Digital Switching - Remote	2212.3	0			5
Step by Step Switching	2215.1	0			6
Crossbar Switching	2215.2	0			7
Satellite and Earth Station Facilities	2231.1	0			8
Other Radio Facilities	2231.2	0			9
Digital Circuit Equipment	2232.1	120,941	11.6	55,543	10 B
Analog Circuit Equipment	2232.2	50,213	21.0		11
Light Wave Circuit Equipment	2232.3	43,171	9.5	30,477	12 B
Aerial Cable - Nonmetallic	2421.1	0			13
Aerial Cable - Metallic	2421.2	0			14
Underground Cable - Nonmetallic	2422.1	0	5.3	585	15
Underground Cable - Metallic	2422.2	10,911	5.3	755	16
Buried Cable - Nonmetallic	2423.1	119,456	5.3	28,509	17
Buried Cable - Metallic	2423.2	1,287,336	5.3	107,400	18
Submarine Cable - Nonmetallic	2424.1	0			19
Submarine Cable - Metallic	2424.2	0			20
Intrabuilding Cable - Nonmetallic	2426.1	0			21
Intrabuilding Cable - Metallic	2426.2	0			22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1					15,958	1
2123.2					8,040	2
2212.1					0	3
2212.2				(36,205)	821,663	4 B
2212.3					0	5
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1				18,030	194,514	10 B
2232.2					50,213	11
2232.3				18,175	91,823	12 B
2421.1					0	13
2421.2					0	14
2422.1					585	15
2422.2					11,666	16
2423.1					147,965	17
2423.2	5,557	2,278			1,386,901	18
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)

This schedule should be used to report the deferred operating income tax portion of the stated accounts.
Credit amounts should be shown in ().

Particulars (a)	Balance EOY (b)	
PROPERTY RELATED		
Other Current Assets (1350)		1
Other Noncurrent Assets (1410)		2
Deferred Tax Regulatory Asset (1437)		3
Net Current Deferred Operating Income Taxes (4100)		4
Net Noncurrent Deferred Operating Income Taxes (4340)	20,915	5
Net Deferred Tax Liability Adjustments (4341)		6
Deferred Tax Regulatory Liability (4361)	(13,360)	7
Net Property Related Deferred Operating Income Taxes	7,555	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	7,555	
NONPROPERTY RELATED		
Other Current Assets (1350)		9
Other Noncurrent Assets (1410)		10
Deferred Tax Regulatory Asset (1437)		11
Net Current Deferred Operating Income Taxes (4100)		12
Net Noncurrent Deferred Operating Income Taxes (4340)	7,178	13
Net Deferred Tax Liability Adjustments (4341)		14
Deferred Tax Regulatory Liability (4361)	1,929	15
Total Nonproperty Related Deferred Operating Income Taxes	9,107	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	2,233,890	1,835,777	1
Changes:			
Balance Transferred from Income	367,455	404,329	2
Dividends Declared:			
Common	6,216	6,216	3
Preferred		0	4
Total Dividends Declared	6,216	6,216	
Miscellaneous Debits to Retained Earnings		0	5
Miscellaneous Credits to Retained Earnings		0	6
Balance--End of Year	<u>2,595,129</u>	<u>2,233,890</u>	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	522,053	490,054	1
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	522,053	490,054	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	84,723	81,004	11
Switched Access Revenue (5082)*	491,845	432,864	12
Special Access Revenue (5083)*			13
TOTAL INTERSTATE ACCESS REVENUES (5080)	576,568	513,868	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*			14
Switched Access Revenue (5084.2)*	298,787	311,097	15
Special Access Revenue (5084.3)*			16
TOTAL INTRASTATE ACCESS REVENUES (5084)	298,787	311,097	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*	297	447	17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	297	447	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	---CONF---	---CONF---	30
Rent Revenue (5240)*	---CONF---	---CONF---	31
Corporate Operations Revenue (5250)*	---CONF---	---CONF---	32
Miscellaneous:			
Miscellaneous Revenue (5260)*	---CONF---	---CONF---	33
Special Billing Arrangements Revenue (5261)	---CONF---	---CONF---	34
Customer Operations Revenue (5262)	---CONF---	---CONF---	35
Plant Operations Revenue (5263)	---CONF---	---CONF---	36
Other Incidental Regulated Revenue (5264)	---CONF---	---CONF---	37
Other Revenue Settlements (5269)	---CONF---	---CONF---	38
Total Miscellaneous Revenue (5260)	---CONF---	---CONF---	
Interstate Billing and Collection Revenue*	---CONF---	---CONF---	39
Intrastate Billing and Collection Revenue*	---CONF---	---CONF---	40 C
Total Carrier Billing and Collection Revenue (5270)*	---CONF---	---CONF---	
Nonregulated Operating Revenue (5280)**	---CONF---	---CONF---	41
TOTAL MISCELLANEOUS REVENUES	57,678	66,555	
GROSS OPERATING REVENUES	1,455,383	1,382,021	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	0	(121)	42
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	0	(121)	
TOTAL OPERATING REVENUES	1,455,383	1,382,142	

** Account 5280 is to be used only by those companies subject to dual jurisdiction.

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
PLANT SPECIFIC OPERATIONS EXPENSE			
Total Network Support Expense (6110)		0	1
Less: Nonregulated		0	2
Net Regulated	0	0	3
Total General Support Expense (6120)	51,287	67,929	4
Less: Nonregulated		0	5 D
Net Regulated	51,287	67,929	6
Total Central Office Switching Expense (6210)	108,409	66,786	7
Less: Nonregulated		0	8 E
Net Regulated	108,409	66,786	9
Total Operator Systems Expense (6220)		0	10
Less: Nonregulated		0	11
Net Regulated	0	0	12
Total Central Office Transmission Expenses (6230)	31,266	23,049	13
Less: Nonregulated		0	14 F
Net Regulated	31,266	23,049	15
Total Information Orig. / Term. Expense (6310)		0	16
Less: Nonregulated		0	17
Net Regulated	0	0	18
Total Cable and Wire Fac. Expense (6410)	48,251	51,300	19
Less: Nonregulated		0	20
Net Regulated	48,251	51,300	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	239,213	209,064	
Less: Nonregulated	0	0	
Net Regulated	239,213	209,064	
PLANT NONSPECIFIC OPERATIONS EXPENSE			
Total Other Property, Plant and Equip. Exp. (6510)	0	0	22
Less: Nonregulated		0	23
Net Regulated	0	0	24
Total Network Operations Expense (6530)	70,903	74,950	25
Less: Nonregulated		0	26
Net Regulated	70,903	74,950	27
Access Expense (6540)	6,031	5,678	28
Less: Nonregulated		0	29
Net Regulated	6,031	5,678	30
Total Depreciation and Amortization Expense (6560)	403,397	330,113	31
Less: Nonregulated	2,254	1,615	32 G
Net Regulated	401,143	328,498	33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	480,331	410,741	
Less: Nonregulated	2,254	1,615	
Net Regulated	478,077	409,126	

EXPENSES - CLASS A & B

Particulars (a)	Total This Year (b)	Total Last Year (c)	
CUSTOMER OPERATIONS EXPENSE			
Total Marketing (6610)	1,308	459	34
Less: Nonregulated		0	35
Net Regulated	1,308	459	36
Total Services (6620)	182,563	144,873	37
Less: Nonregulated		0	38 H
Net Regulated	182,563	144,873	39
TOTAL CUSTOMER OPERATIONS EXPENSE	183,871	145,332	
Less: Nonregulated	0	0	
Net Regulated	183,871	145,332	
CORPORATE OPERATIONS EXPENSE			
Total Exec. and Planning (6710)	72,245	71,801	40
Less: Nonregulated		0	41
Net Regulated	72,245	71,801	42
Total General and Administrative (6720)	146,226	155,342	43
Less: Nonregulated		0	44
Net Regulated	146,226	155,342	45
Provision for Uncollectible Notes Receiv. (6790)		0	46
Less: Nonregulated		0	47
Net Regulated	0	0	48
TOTAL CORPORATE OPERATIONS EXPENSE	218,471	227,143	
Less: Nonregulated	0	0	
Net Regulated	218,471	227,143	
TOTAL EXPENSES	1,121,886	992,280	
Less: Nonregulated	2,254	1,615	
Net Regulated	1,119,632	990,665	

EXPENSES - CLASS A & B (DETAIL)

Particulars (a)	Total This Year (b)	Total Last Year (c)	
Property Held for Future Tele. Use Exp. (6511)		0	1
Provisioning Expense (6512)		0	2
Total: Reported in Account 6510	0	0	
Depreciat. Exp.--Tele. Plant in Service (6561)	403,397	330,113	3 G
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)		0	4
Amortization Expense--Tangible (6563)		0	5
Amortization Expense--Intangible (6564)		0	6
Amortization Expense--Other (6565)		0	7
Total: Reported in Account 6560	403,397	330,113	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	1,455,383	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>1,455,383</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	522,053	1
Plus: Total Intrastate Access Revenues (5084)	298,787	2
Plus: Total Long Distance Network Services Revenue	297	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues	---CONF---	5
Plus (or Less) Other (please specify): NONE	---CONF---	6
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>---CONF---</u>	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	1,455,383	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	0	4
Less: Nonregulated Operating Revenue (included in Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Net Write Off Amount (included on lines 2 and 3)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): NONE	0	8
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	1,455,383	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	522,053	1
Plus: Total Intrastate Access Revenues (5084)	298,787	2
Plus: Total Long Distance Network Services Revenue	297	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus: Intrastate Payphone Revenues	---CONF---	5
Plus (or Less) Other (please specify): NONE	---CONF---	6
Assessable Revenues for Universal Service Fund Assessment Purposes	---CONF---	

OTHER INCOME ACCOUNTS

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Total Other Oper. Income and (Expense) (7100)			1
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)	(4,865)	(4,912)	2
Operating Federal Income Taxes (7220)	58,285	80,364	3
Operating State and Local Income Taxes (7230)	11,711	14,066	4
Operating Other Taxes (7240)	60,375	81,203	5
Provision for Deferred Operating Income Taxes--Net (7250)	(7,522)	1,458	6
TOTAL OPERATING TAXES (7200)	117,984	172,179	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)			7
Interest Income (7320)	40,329	24,291	8
Income from Sinking and Other Funds (7330)			9
Allowance for Funds Used During Construction (7340)	7,297	29,307	10
Gains or (Losses) from the Disposition of Certain Property (7350)			11
Other Nonoperating Income (7360)	338,859	320,560	12
Special Charges (7370)	1,234	4,393	13
TOTAL NONOPERATING INCOME AND EXPENSE (7300)	385,251	369,765	
NONOPERATING TAXES			
Total Nonoperating Taxes (7400)	153,840	145,234	14
INTEREST AND RELATED ITEMS			
Total Interest and Related Items (7500)	110,551	94,995	15
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)			16
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)	28,828	55,495	17

NONREGULATED ACTIVITIES

List the type of nonregulated activities that the company is involved in.

Nonregulated Activity (a)	
---CONF---	1
---CONF---	2
---CONF---	3

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	303,254	1
All Other Accounts	39,017	2
Total Salaries and Wages	342,271	3 J

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange	---CONF---	---CONF---	1
Extended Area Service	---CONF---	---CONF---	2
Extended Community Calling	---CONF---	---CONF---	3
Other Local-Undefined	---CONF---	---CONF---	4
Total Local	272	894	
TOLL			
Toll	236	841	5
Total Toll	236	841	
Total Local & Toll	508	1,735	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	1
Feature Group A -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	2
Feature Group B -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	3
Feature Group B -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	4
Feature Group C -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	5
Feature Group C -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	6
Feature Group D -- Orig.	---CONF---	---CONF---	---CONF---	---CONF---	7
Feature Group D -- Term.	---CONF---	---CONF---	---CONF---	---CONF---	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	35	1
Strand miles of plant - fiber optics	475	2
Route miles of plant - microwave		3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	---CONF---	---CONF---	1 I
56 kbps	---CONF---	---CONF---	2
64 kbps (DS0)	---CONF---	---CONF---	3 I
1.54 Mbps (DS-1)	---CONF---	---CONF---	4 I
45 Mbps (DS-3)	---CONF---	---CONF---	5 I
SONET OC-1	---CONF---	---CONF---	6
SONET OC-3	---CONF---	---CONF---	7
SONET OC-12	---CONF---	---CONF---	8
SONET OC-48	---CONF---	---CONF---	9
SONET OC-192	---CONF---	---CONF---	10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - fiber optics	35	1
Strand miles of plant - fiber optics	475	2
Route miles of plant - microwave		3

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	---CONF---	---CONF---	1 I
56 kbps	---CONF---	---CONF---	2
64 kbps (DS0)	---CONF---	---CONF---	3 I
1.54 Mbps (DS-1)	---CONF---	---CONF---	4 I
45 Mbps (DS-3)	---CONF---	---CONF---	5 I
SONET OC-1	---CONF---	---CONF---	6
SONET OC-3	---CONF---	---CONF---	7
SONET OC-12	---CONF---	---CONF---	8
SONET OC-48	---CONF---	---CONF---	9
SONET OC-192	---CONF---	---CONF---	10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	---CONF---	---CONF---	3
2 Party	---CONF---	---CONF---	4
4 Party	---CONF---	---CONF---	5
PBX Trunks/System Trunks	---CONF---	---CONF---	6
Centrex Trunks	---CONF---	---CONF---	7
Centrex Lines	---CONF---	---CONF---	8
Key System Trunks	---CONF---	---CONF---	9
Mobile (Utility Provided Service)	---CONF---	---CONF---	10
Paging (Utility Provided Service)	---CONF---	---CONF---	11
FX-Out (Switched)	---CONF---	---CONF---	12
Pay Telephone	---CONF---	---CONF---	13
Coin-Operated Pay Telephone	---CONF---	---CONF---	14
Independent Pay Telephone Provider	---CONF---	---CONF---	15
Pay Stations - Public	---CONF---	---CONF---	16
- Semi-Public	---CONF---	---CONF---	17
- Cust. Owned	---CONF---	---CONF---	18
Other	---CONF---	---CONF---	19
Total Business Lines	418	416	20
Residential (Incl. Emp. Concess.)			
1 Party	---CONF---	---CONF---	22
2 Party	---CONF---	---CONF---	23
4 Party	---CONF---	---CONF---	24
FX-Out (Switched)	---CONF---	---CONF---	25
Other	---CONF---	---CONF---	26
Total Residential Lines	1,293	1,325	27
Total Bus & Res Lines	1,711	1,741	28
Company Used Lines	7	7	29
Total Lines Used	1,718	1,748	30

SERVICE DATA (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS	---CONF---	---CONF---	3
WATS Lines - 800 Service	---CONF---	---CONF---	4
FX-In-intraLATA	---CONF---	---CONF---	5
Special Access-intraLATA			6
(expressed in equiv. access lines)	---CONF---	---CONF---	7
Special Access-interLATA			8
(expressed in equiv. access lines)	---CONF---	---CONF---	9
Feature Group A Lines	---CONF---	---CONF---	10
Feature Group B Trunks	---CONF---	---CONF---	11
Feature Group C Trunks	---CONF---	---CONF---	12
Feature Group D Trunks	---CONF---	---CONF---	13
TSPS - Trunks	---CONF---	---CONF---	14
EAS - Trunks	96	96	15
Cellular Trunks (Pub. Sw. Net.)	---CONF---	---CONF---	16
Video Distance Learning			17
- discounted (special tariff)	1	1	18
Customers			
Business - 2 Party Customers			19
Business - 4 Party Customers			20
Residential - 2 Party Customers			21
Residential - 4 Party Customers			22
Other			
Total Central Office, Info. Orig./Term., & Cable			23
Wire Fac. Assets (based on physical location of plant)			24
	4,303,800	4,886,863	25
Total Company Square Miles	114	114	26
Total Company Route Miles	223	234	27
Footnotes			28
			29
			30

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	2370				1
Business					2
1 Party	---CONF---				3
2 Party	---CONF---				4
4 Party	---CONF---				5
PBX Trunks/System Trunks	---CONF---				6
Centrex Trunks	---CONF---				7
Centrex Lines	---CONF---				8
Key System Trunks	---CONF---				9
Mobile (utility provided service)	---CONF---				10
Paging (utility provided service)	---CONF---				11
FX-Out (Switched)	---CONF---				12
Pay Telephone	---CONF---				13
Coin-Operated Pay Telephone	---CONF---				14
Independent Pay Telephone Provider	---CONF---				15
Pay Stations - Public	---CONF---				16
- Semi-Public	---CONF---				17
- Cust. Owned	---CONF---				18
Other	---CONF---				19
Total Business Lines	416	0	0	0	20
Residential (Incl. Emp. Concess.)					21
1 Party	---CONF---				22
2 Party	---CONF---				23
4 Party	---CONF---				24
FX-Out (Switched)	---CONF---				25
Other	---CONF---				26
Total Residential Lines	1,325	0	0	0	27
Total Bus & Res Lines	1,741	0	0	0	28
Company Used Lines	7				29
Total Lines Used	1,748	0	0	0	30

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	2370				1
Miscellaneous					2
WATS Lines - OutWATS	---CONF---				3
WATS Lines - 800 Service	---CONF---				4
FX-In-intraLATA	---CONF---				5
Special Access-intraLATA (equiv. access lines)	---CONF---				6
Special Access-interLATA (equiv. access lines)	---CONF---				7
Feature Group A Lines	---CONF---				8
Feature Group B Trunks	---CONF---				9
Feature Group C Trunks	---CONF---				10
Feature Group D Trunks	---CONF---				11
TSPS - Trunks	---CONF---				12
EAS - Trunks	96				13
Cellular Trunks (Pub. Sw. Net.)	---CONF---				14
Video Distance Learning					15
- discounted (special tariff)	1				16
Customers					17
Business - 2 Party Customers					18
Business - 4 Party Customers					19
Residential - 2 Party Customers					20
Residential - 4 Party Customers					21
Other					22
Exchange C.O., Info. Orig./Term., & Cable					23
Wire Fac. Assets (based on physical location of plant)	4,886,863				24
Exchange Square Miles	114				25
Exchange Route Miles	234				26
Footnotes					27
					28
					29
					30

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
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Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
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EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	HILLSBORO				1
PSCW Exchange ID	2370				2
Central Office Name	HILLSBORO				3
PSCW Central Office ID	1				4
Manufacturer of COE (Page 54)	NTI				5
Year COE Installed	1985				6
Type of Equipment (Page 54)	D				7
(S)tandalone, (H)ost, (R)emote	S				8
Remote Host PSCW Exchange ID					9
Remote Host PSCW Central Office ID					10
COE Generic Software Release No.	412.20				11
SS7?	Yes				12
9-1-1?	No				13
Access Lines - In Use	1,748				14
- Equipped	2,450				15
- Wired	2,450				16
Trunks - In Use	320				17
- Equipped	432				18
- Wired	624				19
ISDN Available?	Yes				20
ISDN Lines - In Use (BRI)	---CONF---				21
- In Use (PRI)	---CONF---				22
Switched 56 Service?	No				23
Switched 56 lines in use	---CONF---				24
Digital Transmission Facilities: DS-1 - In Use	---CONF---				25
DS-3 - In Use	---CONF---				26
Advanced Data Service Available:					
Packet Switching?	No				27
SMDS?	No				28
Frame Relay?	No				29
ATM (Asynchronous Trans. Mode)?	No				30
Video Information - Service Available?	No				31
- In Use (# lines) ¹	---CONF---				32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	68				33
No. of fiber strands working (LIT) in C.O.	---CONF---				34
No. of fiber strands for interoffice use	22				35
Miles of fiber sheath in wire center	35				36
Access Tandem Serving this C.O.:					
- C.O. Name	MADISON				37
- PSCW C.O. ID	3080-01				38
Does this C.O. do access tandem switching?	No				39
Equal Access: InterLATA (1+)?	Yes				40
Equal Access: IntraLATA (1+)?	Yes				41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Schedule Footnotes

Schedule Line Footnotes

- A) Page 22 & 24 - Reclassification of equipment from digital switching equipment to digital circuit equipment and light wave circuit equipment for proper classification.
- B) Page 28 - Other Depreciation is a reclassification of reserve balances from digital electronic switching equipment to digital circuit and light wave circuit equipment for proper classification.
- C) Page 40 - Intrastate Billing and Collection Revenue - Decrease is due to a reduction in billing & collection rates.
- D) Page 41 - General Support Expense - Decrease is due to more expenses being capitalized during 2000.
- E) Page 41 - Central Office Switching - Increase is due to software upgrades that were expensed during 2000.
- F) Page 41 - Central Office Transmission Expenses - Increase is due to back billings also more labor and benefits were coded to this account.
- G) Page 41 - Depreciation Expense - Increase is due to large plant additions during 1999 & 2000.
- H) Page 41 - Total Services - Increase is due to having an additional employee along with additional billings to resolve CABS problems and also a switch in CABS processing companies.
- I) Page 49 - Special Access Circuits in Use at End of Year - Telephone Company did not have any Voice Grade Interlata, 64 kbps (DS0) Interlata, 64 kbps (DS0) Intralata, 1.54 Mbps (DS-1) Intralata, or 45 Mbps (DS-3) Intralata circuits at the end of 2000.
- J) Page 46 - Distribution of Salaries and Wages - Error message should not have occurred - OK per Elaine Engelke on 3/15/01.
- K) Page 15 - Affiliated Interest Transaction - VNI - The affiliated interest agreement has recently been filed and a docket number has not been assigned.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

L) Board of Directors
HILLSBORO TELEPHONE CO., INC.
Hillsboro, Wisconsin

The Balance Sheets of Hillsboro Telephone Company as of December 31, 2000 and 1999 and the related statements of income for the years then ended included in the accompanying prescribed forms have been compiled by us. We have also compiled the financial and nonfinancial data included on pages 13 through 56 of the prescribed forms.

Our compilations were limited to presenting in the form prescribed by the Public Service Commission of Wisconsin information which is the representation of management. We have not audited or reviewed the financial statements or accompanying data referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Public Service Commission of Wisconsin and do not include all of the disclosures required by generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such matters.

SIEPERT & CO. LLP
Certified Public Accountants

Beloit, Wisconsin

March 15, 2001